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SUBJECT: PRC PROPOSES U.S.-PRC MEKONG DIALOGUE

REF: STATE 94920 (NOTAL)

¶1. (SBU) Summary: In recognition of increased U.S. engagement with Lower Mekong countries and China's ongoing development assistance to the region, China proposes an annual Mekong Dialogue within the Strategic and Economic Dialogue framework to coordinate development priorities and projects. The MFA suggests Deputy Director General-level talks, similar to the PRC-Japan Mekong Dialogue, but is flexible on the rank of interlocutors. Our MFA interlocutor confirmed that the PRC works through the Asia Development Bank's Greater Mekong Sub-Region Initiative and the Mekong River Commission to improve trade flows and raise living standards in the region. End summary.

CHINESE ENGAGEMENT IN LOWER MEKONG SUB-REGION

¶2. (SBU) China had a long and tangible record of cooperation with the Lower Mekong sub-region, MFA International Organizations and Conferences Department 4th Division Director Huang Yiyang told PolOff October 20. Huang explained that China favored initiating infrastructure projects that would improve connectivity, ease the flow of trade, and enhance living standards in the sub-region.

¶3. (SBU) Huang said that China channeled its cooperation with the sub-region through two primary organizations, the Asian Development Bank (ADB)-organized Greater Mekong Sub-Region (GMS) Initiative and the Mekong River Commission. The GMS -- comprising Cambodia, Laos, Burma, Thailand, Vietnam and the PRC -- was the most mature sub-regional organization, according to Huang, and also the organization on which China placed the greatest emphasis. China's contributions to the GMS focused on nine priority areas: transportation, energy, telecommunications, environmental protection, agriculture, human resource development, trade facilitation, investment, and tourism promotion.

¶4. (SBU) China also participated in the Mekong River Commission (MRC) -- composed of Cambodia, Laos, Thailand and Vietnam, with the PRC and Burma as dialogue partners -- which focused on joint management of shared water resources, Huang said. The PRC sought to improve resource management of the Mekong River through field visits to Chinese hydropower sites and provision of upstream hydrological information to MRC partners.

PRC-JAPAN MEKONG DIALOGUE AS A MODEL

¶5. (SBU) Japan in 2008 had proposed to the PRC an annual policy dialogue at the Deputy Director General-level to identify areas for coordination of development projects in the Lower Mekong sub-region, according to Huang. China and Japan had shared development priorities in the sub-region at

the first PRC-Japan Mekong Dialogue, held in May 2008. At the second Dialogue, held in June, China had proposed areas for PRC-Japan development cooperation in the sub-region, and plans were under way for the third Dialogue, Huang said.

PRC PROPOSAL FOR U.S.-PRC MEKONG DIALOGUE

16. (SBU) In recognition of the increasing U.S. role in the lower Mekong sub-region, Huang said, China was seeking an annual bilateral dialogue with the United States, similar to the PRC-Japan Mekong Dialogue, to coordinate U.S. and PRC development priorities and projects. Huang emphasized that China welcomed the recent increase in U.S. engagement with the Lower Mekong sub-region, stating that such engagement would advance Chinese and U.S. shared interests in the sub-region's development. Huang proposed an annual bilateral dialogue at the Deputy Director General level -- either on the margins of existing multilateral fora or as a stand-alone meeting -- and within the existing Strategic and Economic Dialogue framework. China was flexible on the frequency of meetings and rank of interlocutors, Huang said.

HUNTSMAN